



Energy Fuels Resources (USA) Inc.  
225 Union Blvd. Suite 600  
Lakewood, CO, US, 80228  
303-974-2140  
www.energyfuels.com

M/01710049

cc: Mike

Rec'd  
3-21-14

5989

March 18, 2014

Mr. Mike Bradley  
State of Utah Department of Natural Resources  
Division of Oil, Gas and Mining  
1594 West North Temple Suite 1210  
Box 145801  
Salt Lake City, UT 84114-5801

**Re: Notice of Temporary Suspension**  
**Permit Number: M/017/0049**  
**Mine Name: Tony M Mine**  
**Owner Name: Energy Fuels Resources (USA) Inc.**

Dear Mike:

This Notice of Temporary Suspension was prepared by Energy Fuels Resources (USA) Inc. (Energy Fuels) for the Tony M Mine in Garfield County, Utah in compliance with Utah Mined Land Reclamation Act (Act) 40-8-21, Utah Administrative Code (Code) R647-4-117 and in response to your e-mail to Frank Filas dated January 30, 2014.

### Status of the Mining Operation

The mine was originally developed by Plateau Resources in the late 1970s to feed the nearby Shootaring Mill that Plateau Resources commissioned around 1980. U.S. Energy later acquired the mill and Tony M Mine. They reclaimed most of the mine, including the ore stockpiles, between 1995 and 2003. Denison Mines (USA) Corp. (Denison) acquired the state lease in 2005 where the portals were located and re-permitted the mine in 2006 and 2007. Operations restarted in late 2007 but were shut down about a year later due to decreasing uranium prices. During this operating time, many of the existing low-grade ore stockpiles were also transported to the White Mesa Mill in Blanding, Utah. Dewatering and mine ventilation continued at the Tony M mine until November 2012. The vents were closed and electrical lines within the mine were removed in February 2013. A notification of temporary cessation was sent to the BLM on November 28, 2012.

### Status of Compliance with the Rules

The Tony M Mine is currently in compliance with applicable laws, rules and permits.

Based on current market forecasts, Energy Fuels expects the price of uranium to rise but we anticipate that it may not rise enough in the short term to make it profitable to operate the Tony M Mine prior to November 2014. As a result, Energy Fuels submits this Notification of Suspension of Operations in accordance with R647-4-117.2. Energy Fuels' staff will be available in the next 30 days for the site inspection required in accordance with R647-4-117.3.

## The Probable Future Status of the Mineral Deposit

The Henry Mountains Complex includes the Southwest Deposit, the Copper Bench/Indian Bench Deposit, and the Tony M Mine. The district was extensively explored and developed in the 1970's and 1980's, and the Tony M Mine contains approximately 17 miles of existing underground workings, as well as extensive existing surface development. Prior to Energy Fuels' acquisition of the property, Denison constructed a number of surface facilities at the Tony M including a power generation station, compressor station, fuel storage facilities, an evaporation pond, maintenance building, and offices. The Tony M deposit and the Henry Mountains Complex as a whole were extensively drilled and the following table lists the Mineral Resources for the Tony M Mine as represented in the Henry Mountains Technical Report.

**Table 1. Tony M Resources**

| Category <sup>(1)</sup>  | Tons      | Grade %eU <sub>3</sub> O <sub>8</sub> | Contained eU <sub>3</sub> O <sub>8</sub> (pounds) |
|--------------------------|-----------|---------------------------------------|---|
| Indicated <sup>(2)</sup> | 1,030,000 | 0.24                                  | 4,830,000   |
| Inferred <sup>(2)</sup>  | 650,000   | 0.17                                  | 2,170,000   |

(1) The Mineral Resource estimates comply with the requirements of NI 43-101 and the classifications comply with CIM definition standards.

(2) The Mineral Resources were estimated at a cut-off grade of 0.10% eU<sub>3</sub>O<sub>8</sub> over a minimum thickness of 2 feet and a minimum GT of 0.2 feet-%.

This very large mineral resource, combined with the existing surface facilities and underground workings, make the Tony M Mine a valuable property. As the price of uranium increases, Energy Fuels anticipates reopening the Tony M mine.

## Condition of the Land Affected

During this period of temporary suspension of operations, the Tony M Mine site is being regularly inspected and maintained in accordance with the Interim Management Plan filed with the BLM (Attachment 1). The site is kept clean and free of litter and debris. Trash, used tires, old equipment parts, empty barrels, and other miscellaneous materials were removed from the site and either recycled or disposed of properly. Site safety is maintained by discouraging unauthorized access through the use of locked gates, fences, warning signs, and security personnel, as necessary. Signage for speed limits and access limitations remain in place.

During this period of temporary suspension, equipment and materials were either removed from the site, or placed inside locked buildings. The ore was removed from the surface and transported to the White Mesa Mill in Blanding, Utah. Surface areas, including but not limited to the waste rock stockpiles, structural storm water controls, and earthen berms were inspected and repaired prior to suspension and are maintained, as needed, during the suspension period. The mine buildings are locked and are monitored periodically.

In response to a request from UDOGM on March 14, 2014, Energy Fuels will seed exposed areas of the mine during this period of temporary suspension. One attempt will be made to seed in disturbed areas including but not limited to the waste rock pile, laydown yards, and vent shaft



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areas. Seeding will be completed in the late fall or early winter and will not be preceded by topsoil spreading. Seeding methods, including seedbed preparation, will be determined by the terrain and available equipment. The purpose of this seeding effort is to encourage a temporary vegetative stand to help control weeds and reduce sediment production. This voluntary seeding effort is not expected to produce the 70% cover required for bond release due to the lack of topsoil spreading. The temporary seed mix to be used for this effort is a combination of Indian ricegrass and Needle and thread grass. These species are a subset of the seed mix that was approved for reclamation at the Tony M Mine in the Large Mine Notice of Intention.

### **Request for Extended Period of Temporary Suspension**

In accordance with R647-4-117.2, Energy Fuels requests that the Division grant an extended suspension period. As demonstrated above, the Tony M deposit is significant and can be mined profitably based on conservative projections of the future price of uranium. Unfortunately, it is not possible to predict precisely when the commodity price will reach a level where it is profitable to reopen the Tony M Mine. Energy Fuels will notify the Division again in 5 years (March 2019) if the temporary suspension is expected to continue past that time.

### **Contact During Temporary Suspension**

During this period of temporary suspension, the following contact information should be used:

Race Fisher  
Mine Superintendent  
Office phone: (970) 677-2702  
Cell phone: (970) 739-5742  
[RFisher@energyfuels.com](mailto:RFisher@energyfuels.com)  
9244 W. Hwy 141  
Egnar, CO 81325

David Turk  
Manager Environmental Health and Safety  
Office phone: (435) 678-2221 x113  
Cell phone: (435) 459-9786  
[DTurk@energyfuels.com](mailto:DTurk@energyfuels.com)  
6425 S. Highway 191  
Blanding, UT 84511

Andrea Reither  
Environmental Permitting Specialist  
Office phone: (303) 389-4133  
Cell phone: (303) 601-7457  
[AREither@energyfuels.com](mailto:AREither@energyfuels.com)  
225 Union Blvd., Suite 600  
Lakewood, CO 80228



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Please contact me at 303-389-4133 or [areither@energyfuels.com](mailto:areither@energyfuels.com) if you have any questions or need additional information.

Sincerely,

Andrea Reither  
Environmental Permitting Specialist

cc: John Reay (BLM)  
F. Filas, J. Massey, R. Fisher (Energy Fuels)

Attachment 1: Interim Management Plan